

May 2005

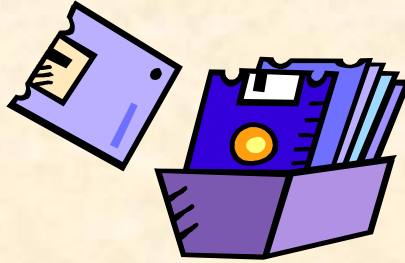
Auditor's AP Bulletin

An informative publication from the Accounts Payable Department of the Office of Auditor of State Connie Nass



Diskette Processing

-The fastest way to have your payments processed.



The Auditor's office can upload payment information from diskettes. The diskette payment method has a quicker turn-around time than processing payments through the on-line system. Usually, diskettes received by the Auditor's office by 10:30 a.m. are processed the same day. Diskettes received after 10:30 are usually processed the next business day.

To use the diskettes, an agency needs to contact either Shannon Jarrell at (317)232-3311 or Denene McCloud at (317)233-2674 to receive a formatted diskette. After you have the diskette, you enter your payment information on the diskette (you will be prompted for the information you need). You can pay BOLP (claim vouchers), ATRA (travel), and DSDO (SDO reimbursements) payments via the diskette. We are piloting paying CIVP (PO payments). We are currently adding one agency at a time to the CIVP program.

In addition to submitting a diskette with your payment information, you need to submit the appropriate paperwork. For claim voucher and travel payments, you will send exactly what you would send to have the payment processed on-line. When submitting SDO reimbursements you do not need to copy your receipts. The State Board of Accounts requires that you must keep all receipts for 10 years.

All diskettes must be on the Audclaim format by July 1, 2005. As of July 1, we will no longer accept payments on the Venpayment and MRT formats.

If you would like to begin using the diskette program, or you would like to add a payment type, please contact Shannon Jarrell or Denene McCloud for more details.

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EFT

What is it and why should I encourage my vendors to use it?



Electronic Funds Transfer or EFT is a faster, more secure method to pay your vendors.

The Auditor's office offers EFT for all state vendors. EFT works by transferring your payment directly into your vendor's bank account instead of mailing the vendor a check.

When you communicate with your vendors, you should try to encourage them to use EFT. There are many reasons your vendors will be interested in EFT. The first reason is Check 21, which was implemented by the federal Check Clearing for the 21st Century law. On October 28, 2004, the federal government implemented Check 21. Under Check 21, checks will clear more quickly. According to The Indianapolis Star, it is estimated that Check 21 could cause consumers to bounce an additional 7 million checks per month. This is because before Check 21, local checks cleared in two days and non-local checks could take as many as five days to clear. With Check 21, both local and non-local checks will clear in just one day. Therefore, your vendors' expenses will be coming out of their accounts quicker. Using EFT to get your payments to your vendors faster will decrease their risk of bouncing checks. The second reason for vendors to use EFT is that their checks will not be lost or delayed in the mail. With EFT, the money is always in the vendor's account two business days after the payment is processed by the Auditor of State's office.

EFT also offers many advantages to the State. First, EFT reduces the amount of fraud. With a state warrant, a vendor could receive a duplicate payment by claiming that the original check was not received and then cashing both the original and replacement checks. EFT is also more cost effective for the state. When the Auditor's office orders check stock to print the state warrants, the cost for that paper ranges from \$47.35 to \$69.50 per 1000 warrants. The cost to order the paper to print EFT notifications is only \$15.45 per 1000. Every time a state warrant clears a bank, the Treasurer of State is assessed a fee to clear the item. Banks charge different amounts for this service but one of the banks charges \$0.10 per warrant while clearing an EFT transaction is only \$0.03 per transaction. As you can see, EFT can save the state a significant amount of money every year. Don't forget, this is your tax money as well.

Signing up for EFT is very easy. All a vendor must do is complete the Automated Direct Deposit Agreement which is on the Auditor of State's webpage (http://www.in.gov/auditor/pdfs/direct_deposit.pdf). Once both the vendor and the vendor's bank complete the form, it should be returned to Karen Sluder at the Auditor's office. If either you or any of your vendors have any questions about EFT or how to complete the form, please contact Karen at (317)233-3199.

Tired of getting your documents returned?

Here are some helpful reminders to make sure your documents get processed the first time you send them over!

1. We need original invoices (if you have to send a faxed invoice, the invoice must be signed!)
2. Don't forget to sign your documents.
3. Make sure the FID number and dollar amounts are correct.
4. Make sure you have the correct fund/center/object.
5. Please include the invoice information especially if you know the vendor is on direct deposit.
6. **Subcodes, Subcode-Subcodes**—the two little numbers at the end of the FID number which can cause your payment to be incorrectly addressed!
7. Telephone numbers—we need to have the correct contact number and name on every claim.
8. Point 7's must have documentation!
9. When reimbursing your SDO account, you must separate your vouchers by major points and between reportable and non-reportable vendor payments.

Special Disbursing Officer Funds



Special disbursing officers (SDO) have received an advance of state funds with permission to purchase and pay for certain types of expenditures within the limits set by State Board of Accounts, Administration, and the Auditor of State's office. Many state agencies are using SDO accounts to take advantage of a faster purchasing and reimbursement method.

If your agency has one or more SDO accounts, you should periodically reevaluate your agency's needs. For instance, is your advance set at the appropriate limit? If you are having to reimburse your account every other day, you may want to consider increasing your account or, if you have an advance of \$20,000.00 but never spend more than \$2,000.00 in a month, you may want to decrease your account. You may also want to open a new or first account or close out an old account you no longer need.

To make any changes to your account, including officer changes, you must complete the appropriate paperwork. You must complete two state forms (Authority for Local Purchases, SF 47911, and Request for SDO Account Establishment, SF 49068). Both of these forms are available on the Auditor's website (<http://www.in.gov/auditor/forms/>). Once you have completed the forms, you should send the forms to Pam Lollar at Administration. After Administration verifies the information and signs the forms, Administration will forward your request to the Auditor's office. Once the Auditor's officer signs the form, the person serving as the disbursing officer will receive a copy of the executed paperwork and any additional instructions. For example, if you are decreasing your account, you will be told where to send the check for the amount of the decrease.

In addition to reevaluating your need for a SDO account, you should also look at the amount of fees if any your agency is paying for your SDO account. The state has a great banking relationship with many banks. If you are paying for your SDO account, please contact Kim Logan with the Treasurer of State's office to see if she can help get your fees reduced or even eliminated! You may reach Kim at (317)233-0921.

Service Date

Don't forget to include this very important information on your payment documents

Please do not forget to include the service date in the description field of your paperwork! The service date is **not** the same as the invoice date. The service date should be the actual day the state incurred liability (became responsible for payment).

For a purchase, the service date is the date you received the goods, not the date you were invoiced for the goods. For a service, the service date is the actual date the service was performed. If the service was performed over a period of time, the service date is the last date in that period that is being paid for. It is very important that you put the correct date on your documents because the service date impacts the amount of the State's liability (debt) in its financial statements. If you have any questions on services dates, please contact either **Wendy Armstrong (317-233-6753)** or **Carl Zapfe (317-233-0898)**.

W-9 Form

How to get the correct vendor information every time!

The Auditor of State's office issues payments based on a vendor's Federal ID or Social Security Number. Because we are a number based system, we require all vendors to submit a signed W-9 form to be added to the Auditor's vendor file.

Vendors may either send their W-9 forms directly to the Auditor of State's office or they may send them to you and you can then forward them to our office. If you have a new vendor, you should send the W-9 over before you make your first payment. If you did not receive the completed W-9 form in time, you can attach the W-9 to your first payment. If you are making the payment on the paper process, please staple the W-9 form to the front of your paperwork. If you are paying via diskette please put the W-9 in the **very front** of your package.

The IRS allows a business to create its own W-9 form. The Auditor's office will only accept the W-9 form we have developed. The Auditor's W-9 is a simplified version that is easier for vendors to understand. You can print our W-9 form from our website (<http://www.in.gov/auditor/pdfs/w9form.pdf>).

Please encourage your vendors to supply their full mailing address, contact name, and telephone number. If a vendor changes its address, it will need to complete a new W-9. Please write "Address Change" on the top of the W-9. This way, we will know we need to change the main address and not create a sub-code for the second address. When talking to your vendors, if you find they have addresses on the Auditor's vendor file that they no longer need please contact Jessica Ballou and she will delete the incorrect. The more you help us keep the vendor file accurate the less likely you are to have checks issued incorrectly or lost.

If you need to submit multiple W-9s to the Auditor's office at once, please send the W-9s to the attention of Jessica Ballou. It is also helpful if you send them in an envelope with your name and agency on it. This way, if Jessica has a question about the W-9s, she knows who to contact and your vendor will be added to the system without delay.

If you ever have any questions about the Auditor's vendor file you may contact either Wendy Armstrong, Accounts Payable Director; Karen Sluder, Assistant Director; or Jessica Ballou, Assistant to the AP Business Manager.

Distributions and Payments to County Governments

If you are paying a county government, unless the body you are paying requests otherwise, you should pay the county treasurer. On the Auditor's vendor file, we have set up distribution numbers for the county treasurers. Please do not send direct deposit authorizations to the Auditor of State's office for county government units without sending your name and telephone number with the request. We have been receiving direct deposit requests from the counties that are on the form for a vendor. If a county wishes to begin direct deposit, it must submit a special form that is signed by the county's governing body. In most instances, the payments should go directly to the county treasurer who is probably already set up for direct deposit. If you have any questions about payments to Indiana counties please contact Karen Sluder.



1099 Reporting

The IRS requires our reporting to be accurate for every payment!



Every year, the Auditor of State's office issues 1099s to vendors who receive reportable payments from the state. The only way for the Auditor's office to send correct 1099 forms to your vendors is if every payment you pay is correctly coded. During our statewide training sessions, we always discuss 1099 codes. The Auditor's office will be glad to send out these handouts and answer any questions you have about 1099 coding.

1099 reporting is very important. The Auditor's office can be audited by the IRS just like you. The IRS can fine the state up to \$50.00 per occurrence for any payment that was reportable and was not reported. Please help us! Below are some general guidelines you can use to help you code your payments.

- ⇒ Look at the payment—do not worry about WHO you are paying. At year-end, the Auditor's system will not issue 1099s to corporations and tax exempt businesses. However, for a business to be considered a corporation by the state, it must submit a W-9 stating its status as a corporation. If you code a payment "NO" because you believe the business is incorporated but it is not and a 1099 was not issued when one should have been, then a non-compliance has occurred. If you code a payment to a corporation as reportable, at year-end the Auditor's office will not send a 1099 to the business.
- ⇒ "NO" should be used for the purchase of goods, utilities, membership dues, registrations, magazine subscriptions, gas, computer support, and maintenance agreements.
- ⇒ "EX" should be used for distributions to federal, state, and local government units.
- ⇒ "RE" should be used for all real estate rentals unless you are paying a real estate company in which case you would use "NO". "RE" should also be used for machinery and equipment rental payments.
- ⇒ "NC" should be used for all services! This includes personal services, the use of a hotel/conference room, airline tickets, transportation, parking fees, employee drug testing, and **printing**.
- ⇒ "MH" should be used for medical treatment **only**.
- ⇒ "PA" should be used for prizes and winnings, grants, some settlement payments, stipends, and honorariums (basically, any payments made to an individual or vendor that are not included in one of the other reportable categories and are not exempt from reporting).

Using the correct 1099 code on a payment is very important. If payments are incorrectly coded, the vendor must contact the Auditor of State's office for a correction and we must research every payment made to the vendor. In addition to the possibility of paying an IRS fine, incorrect 1099s frustrate the state's vendors.

The Auditor's office is available to hold training for any agency that has questions on 1099 coding. If in doubt, please contact us. We are more than willing to provide you with information to help you properly code your payments. For questions on 1099 coding, please contact either Wendy Armstrong or Karen Sluder. We have supplied a contact sheet on the back page of this newsletter.

Year-end Deadlines

-Keep these deadlines in mind when you are preparing to make your payments

The state's fiscal year ends on June 30. In order to close the books in a timely manner, the Auditor's office has deadlines for all information to be received in order to have the payments made from the current fiscal year funds.



Exceptions to the deadlines can be granted but your agency must have written approval from Vicky Pool (317-234-1216) or Donna Richie (317-232-4736) for accounting and Wendy Armstrong or Karen Sluder for accounts payable. Your request needs to be received by the appropriate Auditor's office employee by June 3, 2005.

The deadlines for this fiscal year are as follows:

- * Report of Collections- 3:00 p.m. June 30, 2005
- * Journal Vouchers- 4:00 p.m. June 13
- * SDO reimbursements- June 17 (must be expenses incurred before June 15)
- * Voucher abstracts and claim vouchers- June 17 (service rendered before June 15)
- * Interdepartmental transfers (ID Bills)- June 17
- * New purchase orders- June 17 (for current Fiscal Year)
- * Advice of Change- June 17
- * Payments on currently encumbered purchase orders- June 24 (must be encumbered by June 17)
- * Fixed Assets- July 11 (must have all assets of \$20,000 or more reported through June 30)
- * Diskette or magnetic tape payments- same deadlines as above for payment type

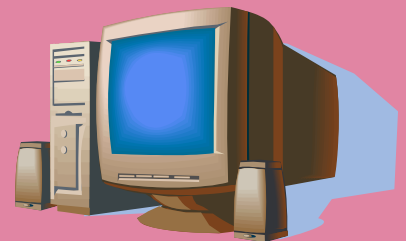
Please remember that if your agency receives an extension, your extension should be used only for special circumstances and emergencies. Please make sure that your vendors are aware that a payment delay may occur at the end of the fiscal year. Please work with your vendors to have payments made timely in light of the year-end deadlines.

You cannot drop off work after the deadlines for us to hold for the next fiscal year. After the deadline for a payment has passed you should hold any new payment request until July 1. When bringing work to the Auditor's office at year-end and the first two weeks of the new fiscal year, please remember it may take longer for the Auditor's office to process this work because of the volume. All payment information received by the Auditor's office by the deadlines will be paid in the current fiscal year if the information is correct.

If you have any additional questions, please contact Wendy Armstrong, Vicki Pool, Donna Richie, or Karen Sluder.

Alchemy and VINQ

The Auditor's office offers access to Alchemy and VINQ to all state agencies. If you are on campus, access is free! If you are off campus, access can be obtained for a minimal monthly fee. These programs offer a lot of valuable information to agencies.



Alchemy reflects the state's financial information on a daily and quarterly basis. Using Alchemy, an agency can balance its accounts, research vendor payments, and verify if a state warrant has been cashed.

VINQ is the state's official vendor file. Using VINQ to verify federal identification numbers assures agencies that their payments will be processed to the correct vendor and address.

If you would like access to VINQ or Alchemy you must complete a security access request. You may contact either Wendy Armstrong or Karen Sluder for the form. We also offer training for both programs.

Travel Payments



Travel payments are payments made from major objects 8 and 9. Only state employees and commission or board members should be paid under these objects. If you are paying the travel expenses for a vendor as part of a contract, you should use 519800 and 519900 for the payment.

When paying a state employee, the Auditor's office has added the subcode of "EE" to all state employees' social security numbers. If you are paying by diskettes you must put the employee's vendor number in the FID number field and "EE" in the group code field.

When you are paying board and commission members a flat dollar amount for attending a meeting, you must make the payment under 519800 and 519900 not under the major objects 8 and 9. If you are paying board or commission members strictly mileage or travel reimbursements, you should use the corresponding minor object from points 8 and 9. If you are paying your board and commission members **travel reimbursements** under 519800 and 519900 they will incorrectly receive a 1099 at year-end.

If you have any questions or concerns about travel payments, please contact either Wendy Armstrong, Karen Sluder, or Mary Taylor.

Subcodes

The Auditor of State's office uses a number system to identify vendors and individuals who receive payments from the state. For an individual, the number used is the individual's nine digit social security number with a leading 0. The number used to identify a vendor is the vendor's nine digit federal identification number with a leading 0. Because a business may have multiple billing locations, a two digit numerical subcode may need to be added after the FID number to differentiate between locations. In the past, the Auditor's office has also used letter subcodes to identify certain payment types. Currently, we are not adding any letter subcodes for agencies and particular payment types. However, if you have used VINQ you may have noticed the letter subcodes "SS" and "EE".

The subcodes "EE" and "SS" are very important. Because both FID and social security numbers are nine digits, the Auditor's office actually has both vendors and individuals who use the same nine numbers. Because of this, all state employees have been given the subcode of "EE". If a vendor and an individual who is not a state employee have the same number, the subcode of "SS" has or will be added to the individual's social security number.

When you are making a payment, you need to check VINQ to verify you have the correct vendor number, to see if you need a subcode and to make sure you use the correct subcode if needed! If you do not use the correct vendor number or subcode your payment will not be made out to the correct person or business. If you have a check that is made to the wrong vendor, the Auditor's office can reissue the payment. However this will cause a delay in your payment which might frustrate your vendors. If you have any questions on vendor numbers or the vendor file, please contact Jessica Ballou for assistance.

State Forms

You **must** use the most recently revised version of all state forms submitted to the Auditor of State's office. You can view the current state forms on our website at <http://www.in.gov/auditor/forms/>.

Below is a list of most of the forms used by the Auditor's office with their revision dates.

- Claim SF#11294 (R5 / 4-04)
- Travel SF#980 (R2 / 12-96)
- Abstract SF#11649 (R5 / 1-96)
- SDO SF#11649 (R5 / 5-89)
- SDO Itemize SF#105 (R 5 / 5-02)
- Journal Voucher SF#44439 (R 7-03)
- Partial Delivery SF#12537 (R5 / 9-01)
- Payroll Reimbursement JV SF#46577 (R / 2-95)
- Fixed Asset Inventory SF#39598 (R3 / 11-90)
- Lost Warrant Affidavit SF#42850 (R/ 06-01)
- W-9 Taxpayer ID Number Request SF#23743 (R / 07-01)
- Report of Collections / Receipts SF#14311 (R2 / 12-02)

If you are not using the correct forms please begin using them as soon as possible. We will not accept any outdated forms after June 30, 2005.

Report of Collections (ROC)

Every day agencies receive cash, checks, and wire transfers from vendors, citizens, and other units of government. For an agency to receive credit in the agency's fund/center the money must be deposited with the Treasurer of State. When you have money to deposit, you must complete a Report of Collections/Receipts Form. You must take the completed form with your money to the Treasurer of State's office. The Treasurer's office will check your totals and stamp your form. Then you need to take your completed form to the Auditor of State's office-service center- Room 234 in the State House. The Auditor's office enters the information into the system and must balance with the Treasurer's office in the afternoon.



The Auditor of State and Treasurer of State must balance every day at 3:00 PM. Please try to have your ROCs to both the Treasurer's and Auditor's offices timely so that we are not delayed. The banks need this information by 3:00 so that the state receives interest on the money that night.

When you fill out your ROC, please make sure the following information is accurate and readable. First, please make sure you are using the correct state form (<http://www.in.gov/auditor/pdfs/reportofcollections.pdf>). Please make sure that your totals are correct and consistent throughout the form. Please verify the correct fund/object/center information is given. The form needs to be readable. If you are filling out the form by hand please make sure your numbers are easy to read. Finally, please give a name and telephone number for the person who completed the form so we may contact you if there is a question about the ROC. You also need to fill out the description field. If you are correcting a payment, you should include payment references such as the warrant number.

The Report of Collections form was updated in 2002. Since 2002, we have notified agencies to use the correct form and given time to use the remaining forms you have and to order the correct form. In our training session last November, we gave yet another deadline of January 1, 2005, to use the updated form. There are still agencies using the outdated horizontal form instead of the updated vertical form. Please make sure you are using the correct version of the ROC.



Training

The Auditor's office offers training to all state agencies approximately every six months. At this time, we have not scheduled our next training session. The Auditor's office is also willing to come to individual agencies to offer more personalized training. If you are interested in training on a specific topic or process for yourself or your department, please contact Karen Sluder to make arrangements.

Stay Informed

You can receive all newsletters, memos, and training announcements directly in your inbox! If you would like to be added to our distribution list all you need to do is email slud-erkd@audlan.state.in.us and type "add" in the subject line.

Invoice Information

Without accurate invoice information on every payment, most vendors cannot properly apply your payments

Electronic Funds Transfer (EFT) is a safer, more cost effective method of payment than producing warrants. As more vendors request to have their payments be processed by EFT we must look at how we are doing business.

When you mail a warrant to a vendor, you should include a copy of the invoice with your payment. The Auditor's office should have the original. If you do not have an invoice, you should include information such as a letter to assist your vendor in correctly applying the payment. When your vendor is on direct deposit, you should mail the EFT notification (the white slip of paper) to your vendor along with any necessary paperwork. However, many vendors are currently having trouble applying payments from the state. The confusion occurs because with EFT the vendor receives the payment in two business days but may not receive the notification for many days. You can help your vendors apply payments by including the invoice number or numbers on your payment. If you are paying by diskette, under the additional or remittance information field you can enter your invoice number. This information will print on the notification but can also be viewed on-line with most banks. If you are paying more than one invoice at a time, please include all invoice numbers with a space between each number. You are allowed over 60 characters in the remittance field.

The Auditor's office receives many calls every day from vendors who cannot apply their payments. If the invoice numbers are not given on the notifications, we must pull the paperwork, find the invoice information, and call the vendor back. This can be very frustrating for the vendors and is easily avoidable by supplying the invoice numbers on the diskette. If you do not have an invoice number, please use a detailed description that would be recognizable for your vendor. The Auditor's office and **your** vendors appreciate your help with this matter! If you have any questions regarding EFT please contact Karen Sluder.



Signature Cards

All paperwork submitted to AP must have an original signature or a stamped signature on the document. If you have had personnel changes and new employees are going to sign documents, you must make sure the employee has a signed signature card on file with the Auditor's office. To request new signature cards, please contact either Euretta Horning or Karen Sluder.



Diskette Payments

When you submit payments to the Auditor's office on diskette, you should try to have at least 10 payments on the diskette.

You can pay from different funds and centers on the same diskette. We are processing a lot more diskettes than we used to and it takes the same amount of time to upload a diskette with 100 payments as it does to upload a diskette with 1 payment. We have noticed that some agencies are sending over multiple diskettes on the same day with only a couple of payments per diskette. This slows down the process for everyone. Please try to have at least 10 payments on your diskettes. If you have any questions, you can contact Shannon Jarrell, Denene McCloud, or Juana Woods.

Contact Us!!



Keep this list handy to contact the Auditor's Accounts Payable Staff

ACCOUNTS PAYABLE

Wendy Armstrong	Director	armstrwa@audlan.state.in.us	317-233-5763
Karen Sluder	Assistant Director	sluderkd@audlan.state.in.us	317-233-3199

Paper Documents

Margo Ivory	Audit & Entry	ivoryml@audlan.state.in.us	317-233-5616
Marty McKnight	Audit & Entry	mcknigma@audlan.state.in.us	317-232-3330
Mary Taylor	Audit & Entry/Travel	taylorml@audlan.state.in.us	317-232-3323
Christi Watson	Audit & Entry	watsoncd@audlan.state.in.us	317-234-1024

DISKETTES

Shannon Jarrell	Upload Operator	jarrelsr@audlan.state.in.us	317-232-3311
Denene McCloud	Upload Operator	mccloudl@audlan.state.in.us	317-233-2674
Juana Woods	Upload Operator	woodsxn@audlan.state.in.us	317-232-3319

SERVICE CENTER

Euretta Horning	Service Center/Report of Collections	horninej@audlan.state.in.us	317-232-3312
Cozette Brown	Service Center	browncx@audlan.state.in.us	317-234-1128

RESEARCH

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Jo'el Rouse	Assistant Research Analyst	rousejs@audlan.state.in.us	317-233-2341

W-9's

Jessica Ballou	Assistant	balloujm@audlan.state.in.us	317-232-3302
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WARRANT REPLACEMENT

Linda Evans	Lost Warrant Coordinator	evansld@audlan.sate.in.us	317-232-3321
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